

JPRS-LAM-88-031

31 AUGUST 1988



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# ***JPRS Report***

# **Latin America**

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# Latin America

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### Political Stage for 1989 Elections Termed Difficult

33480190c Buenos Aires LA PRENSA in Spanish  
26 Jun 88 p 4

[Article by Enrique J. Maceira]

[Text] The general elections scheduled for next year, characterized so far by antagonism among the preliminary candidates and the supporters who want them to follow in Rivadavia's footsteps, promise to be difficult. On the one hand, the ruling party is adrift, while on the other hand, the majority opposition is awash in a sea of conflict as a result of an apparently confrontational attitude that really conceals agreement and support for the government's decisions.

The presidential election, with the consequent turnover in the seats of both houses of the National Congress, gives rise to serious expectations about the country's future. We will witness a veritable assault by the mass media, in which many organs of the press have already taken a stand on the presidential candidates.

#### Pre-Election Polls

Various organizations, both official and private, have already begun to take polls to determine how the electorate will vote in 1989.

One of these surveys, which can be considered serious and perhaps unbiased, comes from the Catholic Church. It was conducted by lay leaders who do this kind of consultation regularly, and some of them have provided preliminary results to the officials in charge of religious affairs.

According to the opinions gathered in this connection, the Justicialist Party will win 34 percent of the votes cast, the Radicals about 30 percent, the center about 28 percent, and the radical left 8 percent of the vote in the general election.

This total includes the 20 percent of the electorate that is still undecided, but half of them (10 percent) are Catholic activists who are waiting for their bishops to tell them how to vote.

It goes without saying, then, that this 10 percent will tip the electoral scales heavily one way or the other, excluding the left.

#### What Responses Are Expected?

The Catholic Church will wait, as is its custom, to examine the respective party platforms before taking a stand.

It will look favorably on the party that makes a public commitment to "respecting the family," with the consequent attack on pornography and anything that threatens

individual and societal morality; to "parents' right to educate their children," which in plain language means keeping Marxist indoctrination out of the schools; and to "supporting national culture" as a real expression of the history, tradition, and spiritual values consecrated by our forefathers.

These ecclesiastical expectations will cause the majority political sectors to stop and reflect on these three serious problems that are affecting the natural development of Argentine society, problems which they have been studiously ignoring so far.

#### Apparent Confrontations Between Peronists and Radicals

The common man has thus far viewed the maneuvering of the principal candidates to replace Alfonsín with annoyance and disappointment. Alfonsín, in turn, seems rather dejected and irascible about the serious problems that his government is unable to solve.

On the one hand, Angeloz seeks to improve his image in a diffuse confrontation with the government's position, primarily on economic matters; while on the other hand, the Justicialists are not only launching a heavy assault on the ruling party, but at the same time engaging in a rivalry between the two preliminary candidates.

When it comes time to take a stand, however, it will be necessary to read carefully the future government plan of the Radical Civic Union, and to hope once again that the Peronists manage to rally around whoever is elected next 9 July. That date will undoubtedly become confused between the Justicialist internal elections and the independence day celebrations, which shows the absurd extremes that have been reached in the judicial sphere, with the consent of the two battling factions.

#### Expectations for Parliament

The outcome of the general elections in 1989 has also raised expectations with regard to the future composition of the houses of the National Congress. Judging by general comments, all indications are that the Justicialists will win. If so, the Radical Civic Union will lose the presidency of the Chamber of Deputies and will no longer be the leading minority. It will most certainly become the second-largest bloc in that chamber, which is being dominated increasingly by the center.

Although it has come to light that negotiations have been held—they have never been concealed, contrary to comments by political leaders quoted in numerous newspaper accounts that have never been denied—it is very difficult to predict how far they will get in terms of passing legislation and backing whichever party occupies the Casa Rosada.

This problem is easier to analyze in the Senate.

The Radical Civic Union has just lost a seat, due to the death of Representative Manuel del Villar of Chubut, and this will take two votes away from the ruling party: one because of the loss of the seat itself, and the other because that seat now belongs to the Peronists, who will have 23 seats (including that of the Popular Conservative-Justicialist Party of Catamarca and that of the Integration and Development Movement of Formosa, whose representatives have voted along with the Peronist legislators under pacts in effect since 1983).

In other words, it will have the same number as the opposition seats, because the Radicals now have 17 and the remaining 6 (2 each) belong to the so-called "provincial parties" from Corrientes, Neuquen, and San Juan.

Assuming, then, that these parties invariably support the Radicals, the vice president of the nation, who is ex officio president of the Senate, will always have to break ties.

It should be remembered, however, that next year the term of Senator Antonio Berhongaray (La Pampa) will expire. He cannot be reelected, given the Justicialist majority in the provincial legislature, which means that the Radical Civic Union will have 16 senators and will lose all possibility of winning any votes, even with the support of the three sectors mentioned above.

This assessment does not include the electoral results of this capital, Misiones, Cordoba, and Rio Negro, jurisdictions where national senators will be elected to replace Fernando de la Rúa, José Alejandro Falsone, Fernando Mauhum, and Antonio Napoli, respectively.

Other senators whose terms are due to expire are Juan Ramón Aguirre Lanari (unless he is reelected under the Autonomist-Liberal Pact in Corrientes) and Justicialists José Martiarena (Jujuy), Eduardo Menem (La Rioja), Edgardo Murguía (Santa Cruz), Olijela del Valle Rivas (Tucumán), Alberto Rodríguez Saa (San Luis), Luis Salim (Santiago del Estero), and Carlos Tenev (Chaco), who represent provinces with Peronist majorities.

Two other electoral districts will elect national senators, Neuquen and Formosa. The ruling party of the former, the Neuquen Popular Movement, is on the outs with both the UCR and the Justicialists. In Formosa, where the Peronists are in charge, it is possible that the current legislator, a member of the Integration and Development Movement (MID), will be replaced by a member of his own ranks.

#### UCR's Prospects

Of the senators to be elected in the federal capital, Misiones, Cordoba, and Rio Negro, it is likely that they will be chosen from the ranks of the Radicals again, but in the Peronist provinces it is absurd to suggest that the ruling party's candidates might prevail; nor will this happen in Neuquen.

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#### Peronist Candidate on Constitutional Reform, Armed Forces, Other Issues

33480190b Buenos Aires CLARIN in Spanish  
9 Jul 88 p 4

[Interview with Carlos Saul Menem; date, time, place and author not given]

[Text] [Question] Antonio Cafiero sent you an "open letter" inviting you to sign a pledge that there will be no party schism. What is your response?

[Answer] There is no history of divisiveness in my political career. I can't say the same of my colleague and friend Cafiero, or of my colleague and friend De la Sota. They do have histories of divisiveness, although I accompanied Cafiero when he differed with the party in 1985; I went out around the province of Buenos Aires in support of my friend Macaya. As for De la Sota, he divided the party in the constituent election in Cordoba. I accept the letter, but it was not necessary for him to send me that communication through the newspapers; he knows full well that I am going to remain within the party and within the movement.

[Question] Perhaps the schisms to which you referred were due to the fact that it was difficult to vote in the Peronist movement at that time.

[Answer] You could always vote in the Peronist movement. I was able to express differences after everything that happened in Odeon, when I was even physically assaulted, but I remained firmly within the Justicialist Party. That was when Eduardo Duhalde and other Justicialists and I began the reform movement. We have attained our objectives, and now we are here, with no grievances whatsoever.

[Question] Up to 48 hours before the elections your campaign was complaining about irregularities. Do you believe that all the problems have been sufficiently dealt with to make the elections clean as a whistle?

[Answer] Everything was placed in the hands of the party electoral board and the justice system. I do not have detailed information because I just got back from the interior. I think the electoral board has worked diligently, and I am certain that everything will be resolved. The important thing is to get to the elections, to vote, and to begin moving down the path toward victory in 1989.

[Question] Some Peronists still wonder whether the platforms of the two preliminary candidates were so different as to make this confrontation really necessary.

[Answer] Not only was there an obvious difference in platforms, but it is really a matter of the candidates' backgrounds. Antonio's candidacy was launched on 6 September 1987. Ours dates back to 1975, when we began the Menem for President campaign in Rosario.



Our plans were interrupted by the persecution and imprisonment, and then we took them up again at a time when Antonio was practically on the sidelines of national political life. He tried to run for president in 1983 and could not, and then when he tried to run for governor he was too late. In 1985, many governors who were ultimately successful (Busti, Bordon, De Aparici, and Vice Governor Macaya) based their campaigns on the slogan "Menem for President."

[Question] But aside from promoting your presidential aspirations, are there differences in the platforms?

[Answer] There is no difference between Alfonsin's platform and Cafiero's. Things would remain the same. There are no major differences between Alfonsin's social democracy and Cafiero's social democracy. We represent the anti-system.

[Question] This role you are assuming—couldn't it cause shock waves?

[Answer] It is very possible that there will be upsetting situations, but not enough to disrupt the constitutional order. They will, however, disrupt the economic order, which has the people and the nation totally submissive and dependent.

[Question] Did you discuss the idea of the preservation of the constitutional order and the involvement of the Armed Forces in a future Peronist government in your meetings with the chiefs of staff of the three military branches?

[Answer] The future government will have a national orientation. We have spoken very clearly about that. To some extent, they share our ideas, which point to the total, absolute professionalization of the Armed Forces. We also advocate equipping the Armed Forces in a manner that takes our vast geography into consideration, and we share the concept of national defense and production for defense with possibilities for export. And, of course, we see the role of the military as subordinate to and in defense of the Constitution.

[Question] Your running mate announced that if his slate wins, he will decline the vice presidency in favor of Cafiero. Was he joking?

[Answer] No, that proposal was made in all seriousness, but of course I will not accept it.

[Question] If the election is close, how will power be distributed in a future Peronist government?

[Answer] Whoever wins will lead, and whoever loses will go along. The big decisions will be made by the winner. The others must go along with him. Of course this will be subject to dialogue; it will not be imposed. And we will carry out that dialogue.

[Question] Do you think of Justicialism as the axis of a front? What would its physiognomy be?

[Answer] The same physiognomy that Peron gave it. We are not going to depart from that line. We are going to form the front at the national level, and the provinces, which are autonomous, will decide whether or not it is necessary to establish fronts in the districts.

[Question] Constitutional reform?

[Answer] I totally agree. The presidential term should be shortened, there should be direct election and reelection, and an amendment system under a new constitution that I assume would be put into effect after the 1989 elections.

[Question] You and Cafiero both advocate a moratorium on the foreign debt.

[Answer] In the first place, I advocate the moratorium but through Parliament. I don't understand Cafiero's thinking on this matter, as he applauded Alfonsin's negotiations in the United States, and then signed a document in the General Confederation of Labor (CGT) that called for just the opposite. For us, the moratorium is a fundamental issue in the productive revolution that we will set in motion in our government.

[Question] What would be the first key measures you would implement in that government?

[Answer] As we have said, the moratorium. Then the social pact, with the participation of business and labor organizations, with specific guidelines on prices, wages, and state measures, sanctioned by law.

[Question] Aren't you worried about upsetting the business sectors when you announce, as you did a few days ago, that you will order a huge wage increase if you take office?

[Answer] Of course not. Since we are going to take measures to reduce tax pressure and financial costs, there will be room to raise wages. In this way we will invigorate the domestic market and boost consumption, and business will benefit.

[Question] Are you still confident of victory?

[Answer] I haven't the slightest doubt.

**Menem's Political Acumen Rated Far Superior to Alfonsin's**

33480190a Buenos Aires *AMBITO FINANCIERO*  
in Spanish 11 Jul 88 pp 1-2

[Text] From the moment the day turned cold but not rainy, causing voter turnout to total only 40 percent of the Peronist electorate (meaning nearly 70 percent of the "real voters"), Antonio Cafiero's fate was sealed last Saturday in the exciting Peronist internal elections. Even losing 60 percent to 40 percent would have represented a triumph for Menem, and a 55-45 spread would have been quite a feat, considering that the entire structure and the best resources were in the hands of the Cafierists. Moreover, Cafiero was supported by 10 of the 14 Peronist governors (Mendoza was neutral, and 3 were for Menem). But the final outcome of Menem defeating Cafiero outright is a political development that still has people reeling, given the previous array of possibilities.

The triumph of the La Rioja governor changes the entire political structure, and even the labor structure of the country. Cafiero and Alfonsin have now become the "political power of the past." The governor of Buenos Aires and the president are now obliged to serve out terms after the power has already shifted elsewhere. The power of the Buenos Aires governor is more legitimate because he lost an internal election but won a national election, although he also has more time—nearly 4 years—to exercise that power knowing that he is no longer wanted in his party and in his own province. Nearly all the governors and mayors who allied themselves with Cafiero are in an uncomfortable position, to say the least, having misread the pulse of their own Peronist followers. Menem lost in only five districts (Federal Capital, Cordoba, Salta, Formosa, and Santiago del Estero), and the governors of only two of those districts (Formosa and Santiago del Estero) can consider themselves Peronists who managed to get a response from their followers. No such thing can be said of the others.

As part of the "political power of the past" that they exercised, the Alfonsin-Cafiero pact has disappeared forever. Also gone are the constitutional reform plan—at least the one that was concocted by the government and the Cafierists—and the transfer of the capital to Viedma, among other things.

Peronist leaders are in a very bad position now, but some of them, being young, may someday rise again. Such is the case with Carlos Grosso, Jose Manzano, and Jose Manuel de la Sota. Given Carlos Menem's non-aggressive nature, perhaps the only one of these who will "never return" is De la Sota, a politician with too strong a propensity to use caustic language to suit the governor of La Rioja. De la Sota hurled charges at the Menem camp that will not be easy to digest, even with the passage of time. Perhaps De la Sota will move toward a position as head of the opposition to Menem within the Peronist movement—his very youth propels him to it—

when there are no national elections to be concerned about. The others will very likely adjust to the new scheme of power with Carlos Menem at the top.

Also unlikely to return is the misguided Italo Luder, who had just barely recovered from his electoral decapitation in 1983, thanks to his reputation as a calming influence. At one point the Menemists thought that Luder might make an ideal running mate as a candidate for vice president, considering that Peronism will need the vote of the country's independents if it really wants to win the presidency. Luder might have had that chance to add a measure of serenity and restraint to the Peronist ticket. But inexplicably, showing a complete lack of political tact, he came out for Cafiero, the losing candidate, 48 hours before the election, when no one had asked him to. An incredible error on Luder's part.

Antonio Cafiero will have to do his part, and he undoubtedly will, because although his language was aggressive, he was not as antagonistic as De la Sota was. But for Cafiero as well, who is 14 years older than Menem, it will be very difficult to get another chance in 6 years. Like Raul Alfonsin, he will hunker down to wait until he can take over the party if its candidate loses the election next year. One of the two, Menem or Angeloz, will lose. And one of the other two, Cafiero or Alfonsin, may rise again to dominate one of the parties. That is at least a consolation.

Antonio Cafiero displayed an enormous lack of political tact. When he said in Parana 20 days ago that *AMBITO FINANCIERO* was "the official organ of the Menemists," he showed signs of not understanding what was going on. This daily was simply the first in the national press to note the remarkable popularity of Carlos Menem. The journalists of this newspaper had only to cover the first Menem "caravans" to perceive this phenomenon. Consider this detail, which the reporters from this newspaper found so surprising at the elections last Saturday: the amazing number of old people—many of them do not even vote in the national elections because their age exempts them—who came to the Peronist polls. And nearly all of them said, with complete candor, "I'm here to vote for Menem."

Failing to grasp the popular strength of his rival, and even believing that the press "had invented Menem," was not Cafiero's only serious mistake. The other was to let loose with leftist rhetoric (moratorium, dependence, "imperialism," etc.) in a country where the left has no influence, especially among Peronists. When Menem was told that Cafiero was talking about the foreign debt, the La Riojan invariably responded: "In a Peronist internal election, that interests 2 percent of the people. We have found that out through opinion polls." And he was right.

It must be said to Cafiero's credit that he dispelled all doubts and presided over truly exemplary internal elections, without fraud—with minimal exceptions, of

course, which are always inevitable. None of the fears of fraud was borne out. Bear in mind that the election was defined in such narrow terms that only 5 percent of the actual votes were challenged in the final outcome. That is truly a great democratic accomplishment for Antonio Cafiero.

The Radicals, faced with the Peronist internal election results, have two stances. One is the habitual position of Raul Alfonsin, the Coordinating Board, and his circle of advisers, who had bet on Cafiero winning. They had counted on dealing with previously arranged issues with him (reform, Electoral College, moving the capital to Viedma, etc.). And then there is the position of Eduardo Angeloz, who is mentally much more well-grounded and more favorably disposed toward Carlos Menem than toward Cafiero. By this definition, Angeloz won the Peronist internal elections for this simple reason: If Menem lost, especially if he lost by a small margin, Angeloz would undoubtedly have to face two Peronist candidates. Now he faces just one.

Of Carlos Menem it can be said that today he is savoring his moment of triumph, of real power, but he has a hard road ahead of him. He will no longer be regarded with the same sympathy that Argentines have always focused on the "underdog," as we are seeing now. From now on, he will be looked upon as the one who holds party power, the candidate for the national presidency. From head to toe, all his men and his ideas will be scrutinized much more closely by Peronists and non-Peronists alike.

This newspaper (which has had countless direct conversations with him) has already identified qualities in Menem that many had not noticed, and that will be appreciated more after this internal contest.

For example, one must admit that these days, he is the most politically intuitive of the prominent figures in Argentina, certainly more so than Cafiero or Alfonsin. When orthodox Peronist unionists used to tell him, "You should threaten to run in an internal election but not actually do it; you are already assured of the vice presidency of the nation behind Cafiero. Why risk everything in an election?" Menem would scoff and tell them they were wrong. And last Saturday they were proven wrong. When his own brother Eduardo came to talk to him, bearing an offer from Cafiero that he could be the vice presidential candidate and even name a Menemist minister in Buenos Aires Province, Carlos Menem slapped his brother on the back and said, "No." His political intuition is far superior to that of his aides, and he himself created his own image and the tone of his discourse. He opted for straightforwardness rather than aggression, no matter how much his adversaries attacked him, and this impressed the Peronist masses when they compared it with the sometimes threatening and other times smug attitude of his opponent, Antonio Cafiero. He was so confident of victory that he steeped his aides in it. Moreover, he can read the minds of friends and enemies alike, on the spot. Without a David Ratto

(Alfonsin's image-maker), Menem adjusted his gestures, his movements at the rostrum. Furthermore, at the age of 53, he had an extraordinary physical capacity to withstand an arduous political campaign.

This acknowledged deep political instinct helped him stay away from interviews or political audiences where he sensed some premeditated aggression. And he was almost always right.

Similarly, he did not reject a single political endorsement, no matter how compromising (the Montoneros, for example), because of his great confidence that he could gather strength now and deal with situations later. (At the Box Federation event, for example, he faced a large audience of Montoneros, and he had the audacity to praise Isabel Peron as someone who suffered 5 years of imprisonment, and for the first time the Montoneros did not hiss when they heard her name.)

To win an internal election, it must be admitted, this governor of La Rioja pulled off an almost perfect political maneuver. He always said he would not stray from Peronism, and today he can remind his defeated correlligionists of that to win their support.

Menem's triumph, finally, gives the impression of "the most real Peronism," the most authentic version. It leaves Antonio Cafiero in the position of a controversial figure, more subject to accusations than Menem. Cafiero is seen as someone who has survived for a long time in the party founded by Juan Peron, enduring many vicissitudes and often being forced to the sidelines. Menem was always regarded as having more Peronist sincerity, and the only thing the present governor of La Rioja has to be careful of now is that he does not insult the party faithful who did not vote for him. And, what is more difficult than winning this internal election, he must convince the other 8 million Argentines to join forces with the 1.7 million voters of last Saturday to give him the majority that will take him to the Casa Rosada. In that effort, he will face a much more difficult opponent than Cafiero, Radical candidate Eduardo Angeloz. But the choice between Angeloz, Alsogaray, and Menem, or any other candidate who throws his hat in the ring, leaves the hope that Argentina can move beyond this initial stage in which it consolidated its democracy, even though this consolidation will take a long time yet, and it is absolutely imperative that the country recover economically and socially. In other words, Adolfo Suarez, who consolidated democracy in Spain after Franco, must be followed by an "Argentine Felipe Gonzalez." Who will it be?

**Industrial Sector To Benefit From Grain Market Boost**

33480185b Buenos Aires *AMBITO FINANCIERO*  
in Spanish 11 Jul 88 p 56

[Text] Juan Sourrouille has asked Secretary of Foreign Trade Juan Ciminari to put together a number of mechanisms to make foreign purchases of capital goods more flexible.

The higher grain prices prompted by the drought in the United States will lead to a surplus of foreign exchange, and the economy minister plans to take advantage of this windfall to encourage industry to buy new equipment.

The surplus, as has been reported, is expected to amount to some \$1 billion, and the idea is to streamline the importation of machinery. The matter has reportedly been discussed with Eduardo Angeloz, and is one of the measures aimed at giving the Radical administration a "growth" image.

The matter of consultation, meanwhile, will be put on the back burner until the effects of the upcoming measures (the negotiation of the stand-by agreement with the International Monetary Fund, the agreement with the banks, and the strict enforcement of the budget guidelines) can be assessed.

Officials at Economy are saying that there is no excuse for such a high inflation rate, except for expectations or a lack of credibility. Hence the annoyance with Adolfo Canitrot for bringing up the issue of an agreement on de-indexing, which led to an acceleration of price hikes in the last few days even before any change in economic variables.

Another measure that will come out in a few days is the absolute elimination of withholding for the regional economies. Except for soybeans, sunflowers, and flax, which come under the Secretariat of Agriculture, Livestock, and Fishing, the remaining products will no longer be subject to this tax.

In addition, also in the next few days, a long list of chemicals that will be removed from Annex II will be announced. In other words, these products can be imported without prior authorization.

Sourrouille has also asked Ciminari to continue studying the tariff nomenclature to move further toward opening up the economy.

The trade deficit with Brazil will be brought up at the next round of negotiations in an effort to introduce reforms.

"If anyone wants to open up the economy, he will have to consider one tariff for Brazil and another for the rest of the world," stated an official, alluding to the dumping practiced by that neighboring country.

Thus, deterrents are being studied for use against Brazil. If they fail, there will have to be strict regulation—within GATT norms, of course—to prevent unfair competition from those products.

It is believed that the trade deficit will provide strong ammunition for the Argentine negotiators at the next round with the Brazilians.

For the time being, this is not such a great concern, because Brazilian goods are replacing imports from other countries with which we also have a deficit (the United States and Japan, for example), but Brazil can be paid with "el gaucho," the common currency, while the others insist on hard currencies.

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### **Cultural Agreement With Cuba Deplored**

33480193a Cochabamba LOS TIEMPOS in Spanish  
3 Jul 88 Sec A 4, 9

[Commentary by Samuel Mendoza]

[Text] For incomprehensible reasons, the National Senate has not yet made public its decision to approve, just a few days ago, three pacts that were signed some time ago between the governments of Bolivia and Cuba. We were told nothing about them at the time, either. These are the agreements:

- Scientific-Technical Cooperation Agreement in the area of health, signed in Havana on 17 June 1985, that is, under the government of Dr Hernan Siles Zuazo, by the then interim charge d'affaires of Bolivia in Cuba, Miguel Angel Flores Aloras, and by Cuban Minister of Public Health Sergio del Valle Jimenez.
- Cultural Cooperation Agreement between the Republic of Bolivia and the Republic of Cuba, signed in Havana on 6 October 1986, by Bolivian Foreign Minister Guillermo Bedregal and Cuban Foreign Minister Isidoro Malmierca.
- Finally, an Economic-Industrial and Scientific-Technical Cooperation Agreement, also signed in Havana on 6 October 1986, by the aforementioned foreign ministers of Bolivia and Cuba.

After being approved by the National Senate, the agreements were sent to the Chamber of Deputies for review, the first on 16 June and the other two on 23 June.

Judging by the way these pacts have been handled, kept secret for 2 and 3 years, and then suddenly approved—not exactly on the spur of the moment, because great caution was taken—it would appear that something fishy is going on.

We have the texts in hand. At first glance, we don't see anything unusual, especially in the first pact, which refers to the training of human resources, the supply of essential medications, physical infrastructure and medical equipment, and the transfer of technology in priority areas of health care. With regard to this particular agreement, we must acknowledge that Cuba has established a great reputation throughout the Americas for health care, not only for the modern and effective technology applied in the treatment and cure of various diseases, but also for the low cost, thanks to state subsidies and excellent systems of social security. We know of many Bolivians who have traveled to Cuba to be relieved and cured of different illnesses and complaints, and not a few achieved their goal.

There can be no objection, then, to this pact. In the final analysis, medicine is and should be universally available for the good of mankind, without regard for creed, ideology, or political action of any nature or origin. One might say the same for the Economic-Industrial and

Scientific-Technical Cooperation Agreement. Science and technology should also be universally available, as long as they are not strategic in nature.

Unfortunately, we cannot say the same for the Cultural Cooperation Agreement, given that Cuba is a Marxist, atheist dictatorship. Education and culture in that country are dominated by and steeped in those doctrines, without room for any "pluralism" at all. Bolivia, in contrast, is a country ruled by the democratic system, with a firm footing in liberty, human rights, and profound Christianity. Consequently, the "special historical and cultural bonds" cited in the agreement can hardly exist between our peoples. On the contrary, there is undoubtedly a tremendous gap between the two cultures and the two educational systems. Let's make sure that by implementing "cooperative relations between universities, libraries, academies, and cultural and scientific institutions" and facilitating "the exchange of scientists and teachers for lectures, studies, and research" we don't open the doors to armies of indoctrinators who want to divert our education and our culture toward anti-national objectives. This is what has happened in Nicaragua and countless other countries where the communists have intervened through "fraternal cultural exchange agreements." When one country agrees to allow "the dissemination and teaching of the literature and history of the other country in its own schools and universities," this undoubtedly represents an attempt to inculcate in our schools and universities the literature and history of Cuba since 1959, that is, of the Castro era.

This pact is certainly not in Bolivia's interests. It poses a grave threat to our children and youths, who would soon be inundated with Marxist and Castroist texts that would surely run counter to the Christian spirit of our people. No less dangerous is the exchange and broadcasting of radio and television programming, because it is not always free of doctrinal and political influence. In short, the Chamber of Deputies will have to analyze these agreements carefully before giving final approval, and naturally, before putting them into effect.

08926

### **Lechin On New Political Party, Politicians, and Traffickers**

33480194a La PAZ HOY (HOY EN LA POLITICA  
Supplement) in Spanish 25 Jun 88 p 1

[Text] "The facts lead us to believe the popular rumors to the effect that three large political parties are involved with the drug trafficking," Juan Lechin Oquendo maintained yesterday. He has announced his return to political life in connection with the coming general elections.

With regard to drug trafficking and the rumors of which he spoke, the former trade union leader emphasized that it is precisely the explanations pertaining to the Huan-chaca and narcovideo cases which seem to confirm these suppositions.

On the subject of the establishment of a new political party with a view to the 1989 presidential election, Lechin said that his effort is designed to unite the political parties, the trade unionists, professional people and leading personalities who are challenging the current economic policy and bringing about its substantial alteration under the name "Revolutionary Alternative of the People."

Thus the former trade unionist proved false the assertion made by a movement leader to the effect that the former COB [Bolivian Labor Federation] official would return to the ranks of the MNR [Nationalist Revolutionary Movement].

It should be noted that Juan Lechin Oquendo was the founder of the Bolivian trade union movement, and as such, managed the COB beginning in 1952, when the mother organization was established on the basis of the Trade Union Federation of Bolivian Mining Workers, which had existed since 1944.

As a politician, he became a member of the MNR in 1943, when he joined together with Hernan Siles Zuazo and Rafael Otazo to found the National Revolutionary Movement, having had no real previous experience in this field.

However, historical developments were such that Lechin left the MNR in 1964 because of his very harsh criticisms of the government of the then president, Victor Paz Estenssoro, who felt forced to expel the man who had been his vice president, as well as the representative of the left wing of that party, from the movement.

"As the leader of the leftist sector of the MNR, I called together those who endorsed that position for the purpose of electing a new leader," says Juan Lechin Oquendo. "However, the vast majority decided to withdraw from the MNR to found a new party. This was how the Revolutionary Party of the Nationalist Left (PRIN) came into being. The efforts pursued subsequently were important. Its leading members in the agricultural and workers' sectors were assassinated, and many of the members were arrested, tortured or exiled; due to a lack of organizational ability, the party shrank drastically in terms of numbers, to the point that I can assure you now that it is small. However, there are still dedicated militants in all of the districts who are ready to continue the struggle."

#### Harsh Criticism of Drug Trafficking

We asked Juan Lechin Oquendo about the serious problem of widespread corruption linked with the production of drugs and drug trafficking, and involving even political leaders. His response to us was as follows:

"The pertinent commission in the Chamber of Deputies has begun hearings concerning the events in Huanchaca, during which it was established that one of the largest

cocaine factories in the country was involved. And, curiously, it was operating even in the era when our national dignity was being violated by the presence of the U.S. Army in our country. This attitude on the part of the Chamber commission led to a general sense of relief, because the impression developed that those responsible for the assassination of Kempf Mercadoly and the owners and protectors of this factory would be identified. But when the investigations were suspended, there was a general feeling that the government, or some of its leaders, was involved in the operation of this drug production center. By that time, the public had begun to doubt the seriousness and the responsibility of some of the parliamentarians, who were failing to carry the investigation through, and then there was even another assassination, that of Deputy Edmundo Salazar.

"When the public began to learn about the narcovideos and the possibility that other individuals might be implicated in these dark maneuvers, including some political leaders and military commanders, as charged by Captain Jaime Paredes, all of the mass media showed an interest in clarifying these facts, even carrying commentaries encouraging the commission to continue its investigation. However, after the results of the charges made began to be more widely publicized on television by Channel 4, the authorities moved to put an end to the denunciations and the clarification of these shameful events. Channel 4 and Radio Metropolitan were shut down in completely arbitrary fashion. The laws were disregarded, and without further explanation, the media were silenced. Once again, the abusive and all powerful methods were revealed which the executive branch employs when its interests are not being served.

"Later, the position adopted by the Chamber led to another shameful act—the conversion of Capt Paredes Sempertegui from a prosecution witness, which is what he was, into a defendant, without further proof. These two developments lead us to give credit to the popular rumors which suggest or assert that the three large parties are implicated in the drug trafficking activities."

#### The Political Party Program

When Lechin was asked how his new political party will be structured and what role it might play in the May 1989 elections, he answered:

"An effort is being made to rally certain small parties, many independent politicians, professional workers and trade union leaders, in order to build a party without vacillating or conciliatory members, such that the organization will be based on individuals whose past activities have won them prestige and who now will join the new party," he explained.

He added that this new party will be called the Revolutionary Alternative of the People, "so that with these people we can bring effect a total change from the neoliberal party developed by the current government, presenting ourselves in the electoral campaign to this end.

"Naturally, it is our intention, in the party cells, first of all, to put an end to corruption, bringing suit in connection with the problems in Karachipampa, the Chimore-Yapacani Road negotiations, and the illegal exploitation of a COMIBOL mine by the business owned by the Messrs Sanchez de Lozada, and to collect the \$500 million from the treasury and Occidental, the amount of the royalties and taxes fraudulently withheld from the state. It is essential to recover a part of the \$2 billion irresponsibly granted during the UDP government. Moreover, we want to make jobs available for the resettled individuals and to improve wages gradually but firmly, while ensuring price control, of course. We want to put an end to the free trade which is causing the shutdown of factory industries in particular and is reducing the market for farm products; we want to put an end to free exchange, because the limited foreign exchange available must be safeguarded for priority purposes, not used for payment of the foreign debt. In order to carry this policy forward, it is necessary to establish a foundation for sustained productive development, beginning basically with the agricultural production sectors, and on a parallel basis, the COMIBOL needs rehabilitation, which is certainly possible. We must strengthen oil and gas production by the YPFB exclusively, because experience has shown us that the goal of the international companies is to plunder the country."

#### Party Alliances

We asked Don Juan Lechin what he thinks about possible political alliances for his party. His answer was the following.

"We believe that unity among the parties for the purpose of defense of the Bolivian state is more necessary now than ever before. There must also be a struggle to achieve the economic independence of the country and the advancement of the popular, peasant, workers' and middle class sectors. We must see that the burden of the greater part of the crisis falls to the multimillionaires, thus alleviating the tax burden which today weighs more heavily upon the poor than on those who are powerful.

"With a view to unity, the problem will be to find goals linked with the defense of the state and the Bolivian people.

"Where the MNR is concerned, there is no way I could return to the ranks of a party which was glorious in the past, beginning with the popular rebellion, but has now been betrayed. A process which set an example for Latin America is totally discredited today because of the abandonment of its revolutionary roots."

#### Leftist Groups Participate in Potosi Peasant Congress

##### New Coca Law Rejected

33480194b Cochabamba LOS TIEMPOS in Spanish  
18 Jul 88 p 1

[Text] Potosi, 17 July (ANF)—After meeting for 6 days, the Peasant Congress decided to reject the Law Regulating Coca and Controlled Substances, and it declared a state of emergency, calling for a mobilization and the barricading of roads. This gathering, which was attended by more than 2,000 regular and substitute delegates, was adjourned on Sunday after the election of the new Executive Committee.

According to the information provided to ANF by members of the commissions dealing with the coca regulations and politics, it was decided that until the supplementary laws calling for the replacement of coca plantings are implemented, the peasants will not allow the elimination of the existing plantings.

While reiterating its rejection of the legislation governing coca and drug trafficking, the congress urged the industrial processing and free marketing of the surplus production.

The congress also demanded constitutional guarantees for the peasants, especially those who live in the zones which produce the green leaf; penalties for those responsible for the events which occurred in Villa Tunari; indemnification for the families of the victims; and expulsion of the DEA and religious groups which are working against the peasant families.

In connection with politics, resolutions were approved in defense of human resources, national sovereignty, and health and education for the peasants, while others rejected any kind of tax on the land, including the fiscal property registration fee.

#### Methods of Struggle

As methods of struggle, the political commission recommended mobilization campaigns, roadblocks, preventing the shipment of farm products from the rural sector to the cities, and the organization of peasant self-defense groups to confront the repressive groups.

#### Executive Committee

The new Executive Committee of the Single Trade Union Federation of Peasant Workers is headed by Juan de la Cruz Villca of the Convergence Axis, who won with 458 votes over the 384 cast for the MBL [Free Bolivia Movement] candidate. There were 36 blank ballots.



The voting process involved separate secret ballots, on differentiated voting cards, for the first two posts, and then for the others, numbering 53. Votes were cast by 1,166 regular and 924 substitute delegates.

The parties participating in the federation are the Convergence Axis, Base Peasant Movement, Communist Party, Marcelo Quiroga Santa Cruz Revolutionary Socialist Party and Movement of the Revolutionary Left.

### **Manipulation by Leftist Parties**

*Santa Cruz EL MUNDO in Spanish 19 Jul 88 p 5*

[Editorial]

[Text] The so-called Special National Congress of the Peasants of Bolivia in Potosi has ended. The meeting produced a document drafted by professional politicians which, in its final portion, urges mobilization campaigns and the subsequent blocking of roads and organization of shock units. In short, what is being sought is to transform the peasantry into a tool of subversion.

The leftist political parties took bold steps during the congress, to the point that the real source of the final document, which was attributed to the peasants, was the so-called Convergence Axis and the Free Bolivia Movement.

Although the congress ended with a document expressing an openly subversive attitude, one can read between the lines that the famous Single Confederation of Workers is facing a serious crisis, and that nobody in the majority of the communities wants to accept leadership posts. According to the drafters of the document, this crisis may mark the end of that federation.

One does not see young people in the peasant assemblies, and schism is splitting the groups on all levels, says the Potosi Thesis. However, neither the absenteeism at the assemblies nor the divisiveness is hindering the professional agitators, and this is the reason why in the end, they urged a peasant mobilization to protest the Law Regulating Coca and Controlled Substances.

What the Potosi Congress calls "self-criticism" is more nearly the criticism by some parties of the peasants who do not accept the sponsorship of the extreme left.

The left wing, represented by the Convergence Axis and the MLB, put the following "self-criticism" in the mouths of the peasants: "We are divided within our families and we are even divided on who will obtain food from the institutions. We are divided by educational problems and by land problems, while on the other hand, the neoliberal government model divides us as well...." Given so much division, the left wing is urging its components to unite with a view to the future elections.

We do not know of a single suggestion coming out of the congress which could prove useful for raising the standard of living of the peasants. And to top it all, in the final analysis they link the entire national peasantry with the coca leaf.

Having observed thousands of peasants throughout the length and breadth of the country who are dedicated to their work, and in many cases, are flooding the cities with their products, we are thinking of the small and average farm producers who are not represented in the so-called Single Confederation of Peasants.

The problems of the peasants are many, and they have as much to do with the means of production as with the marketing of their products and with the bank credit the small farmers cannot obtain. It is not a problem of the nuclear peasantry or of a scattered and anarchic left wing, but the problem of how to organize to improve the peasants' production techniques, so that they can become the pioneers of national development.

The Potosi Peasant Congress illustrates the political interference which occurs at this kind of event and the unrepresentative nature of the trade-union organization which claims to be the only one, to the detriment of the true peasants.

Let them not come to us with peasant blockades, when they are in fact blockades against the peasants organized by known political activists.

What seems clear is that the myth of the Single Federation of Peasant Workers has reached its end in Potosi, with the approval of a document which was drafted by leftist factions and is fully dedicated to the defense of the large coca producers.

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### **Military's Acceptance of Reduced Budget Praised**

*33480193h Cochabamba LOS TIEMPOS in Spanish  
12 Jun 88 Sec a p 4*

[Commentary by Samuel Mendoza]

[Text] Just as there is no man more deaf than he who will not listen, and no man more blind than he who will not look, there are also individuals who strive to see what is not there, to hear what no one has said, and to read what no one has written. Unfortunately, to engage more and more frequently in a variety of malevolent actions, there are people who use and abuse all means at their disposal, including politics, Parliament, and the press, flaunting their absolute lack of ethics. The scandal revolving around the so-called "narco-videos" that is miring more and more people in the muck is a case in point.



But today we must turn to the Armed Forces, which, like all national institutions, are suffering the grave consequences of the economic crisis. To be sure, this happens only in Bolivia; in other countries, crisis or no, the military continues to gain strength.

In the last few days, the Armed Forces have had to undergo new cuts in their budget for this year. And they have done so through their commander in chief, Gen Jorge Rodriguez Bravo, who expressed his dismay with the decision. It was enough to make those politicians who are interested in making waves, in raising scandals, and in fueling flames, cry out about "saber rattling" in this country. Gen Rodriguez denied these assertions, though with a great sense of humor, noting that the individuals who made them "must have some hearing problem." There is no shortage of people who believe they can maintain and enhance their reputations as demagogues by resorting to the big lie.

Gen Rodriguez made it perfectly clear that a reduction in the budget at this time would have a very negative impact on the Armed Forces, but he also stated clearly: "We accept the share of sacrifice that has been imposed on us as a result of the depressed economy, but it is impossible to accept more cuts that will endanger the instruments of territorial security and the climate that we must have as a basis for our feelings of justice and humanity." Moreover, in his speech marking the 159th anniversary of the office of Commander in Chief of the Armed Forces, Gen Rodriguez demanded that the example set by the military "be followed by all political, business, labor, intellectual, educational, technical, and scientific sectors; by men and women, in households and at workplaces, in sports and in day-to-day life, sharing the responsibilities without pettiness, without insults, without recriminations, without doubts, and with a great deal of faith." This was a timely exhortation from the military chief to government officials and citizens at a critical moment for the country and the people. It was, moreover, an opportunity to recall one of the many key phrases in the instructive messages we have received from John Paul II: "To look tirelessly for harmony in justice and in liberty, to build a more fraternal, more just, more honorable, and more Christian Bolivia."

Reviewing the present situation, Gen Rodriguez took time to point out how dramatic is the specter of strikes, stoppages, blockades, and abuses "that only worsen our plight," and he also called for the elimination of the sinecures and favoritism that exacerbate inequalities. He declared that "privilege, corruption, and inertia in public service should disappear so that we can renew our confidence in the nation's administrative system."

These words and exhortations, always timely and often necessary, have surely been enough to make the demagogues hear "saber rattling" and claim that "there is an imminent threat of a military coup," and to make the pseudo-informers with political interests take this opportunity to kindle the flames of scandal. These

"informers," who are so often exposed as liars, never tire of abusing their freedom to practice immorality. They apparently believe that in this way they will move up the ladder toward what they desire most: power.

Now, as Gen Rodriguez Bravo said so well, the Armed Forces have made their share of sacrifice. Can we expect a similarly patriotic attitude on the part of other institutions, including government officials, the founding fathers, universities, trade unions?

08926

**COB Losing Church Support, Says Commentator**  
33480193c Cochabamba LOS TIEMPOS in Spanish  
19 May 88 Sec A p 4

[Commentary by Jose Luis Roca]

[Text] Now that the pope's visit is over, it is time to ask ourselves what course will likely be followed in the fluid relations that ecclesiastical authorities and officials of the Bolivian Labor Federation (COB) have maintained over the past few years. During all that time, they have had common objectives: The Catholic Church has been anxious to expand its purview into the specific area of social action, and the COB has been satisfied to have as influential a body as the Bolivian Episcopal Conference help it maintain its legitimacy in today's social and political environment. This is a setting in which the old postulates of our country's labor movement no longer fit and have undergone no rejuvenation since they were formulated more than 40 years ago.

This commonality reached its culmination last Thursday, 12 May 1988, when Simon Reyes, speaking for the COB, gave a brief speech in the presence of John Paul II and delivered a long letter outlining the views of the labor organization on the country's situation. The COB leader's speech to the pope was unexpected, and it can be assumed that there was no unanimity of opinion among church officials regarding it. Otherwise, it would have appeared on the printed program that was distributed several days before the papal visit.

Any objections to the rapprochement between the church and the COB that may have been raised by Catholics, whether priests or laymen, have been answered with the explanation that it is in response to the "preferential option for the poor," as stated in the Christian gospel ratified in various pontifical documents and statements by the Latin American episcopate in the meetings of Medellin and Puebla. Our bishops, for their part, insist that they know better than anyone how much the people are suffering as a result of poverty, unemployment, malnutrition, and other social ills. And they say it is a pastor's basic duty to help overcome these problems.

But it so happens that the COB does not limit itself to struggling for higher wages or better living conditions for workers. It goes much further beyond so-called trade unionism and tries, if not to rule the country, at least to ensure that those who are in power govern in accordance

with the resolutions passed by the workers' congresses and "extensions." And if it doesn't act that way, it begins the agitation, the threats, the paralyzation of labor activities, the daily interruption of vehicular traffic in the cities, and the hunger strikes, often with some bombings or outright subversion thrown in for good measure. In response to this, the episcopate always tries to seek a rapprochement between the COB and the government, recognizing, albeit tacitly, the legitimacy of the unions' list of demands.

For over a year after the pope's visit was announced, the bishops outdid themselves trying to keep the COB happy and friendly so that it would not stir up the tranquil waters that are needed for an event of this nature. And when the COB hunger strike came on the eve of the visit, with the resultant agitation throughout the country, the bishops practically begged it to abandon this drastic measure. The COB finally relented, although it will soon send the church a bill so high that it will be impossible to pay.

For all of these reasons, this seems to be a good time for our bishops to ask themselves whether the "preferential option for the poor" includes opposing the administrative decentralization and the negotiations with the International Monetary Fund, and demanding an increase in the budget allocations for universities so that those who attend our institutes of higher learning can continue their shenanigans, their unruliness, and their affronts to the "religion of the oppressors." If the answer to this question is no—and by all lights it seems to be—there would be no good reason to continue advocating "dialogues" whose essence is non-negotiable. The COB should stay on its own turf, defending its members; and that goes for the social doctrine of the church as well. But in no case can we continue contributing to the false belief that in Bolivia one social class is above the others.

08926

### Party Strategies, Candidates in Principal Municipal Elections

33420118a Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 3 Jul 88 p 5

[Article by Rosangela Bittar]

[Text] The campaign for the 1989 presidential election is beginning a year and a half ahead of time, from the bottom up: the municipal vote. Candidates, party leaders, and presidential hopefuls like to minimize the fact, separating the importance of the number of votes to be gained now from future events; but nobody dares disavow the 1988 municipal election as shaping the ante for future alliances, gaining political ground, and the first test.

With the opening of the campaign for succession to President Sarney, the fate of many parties is also at stake in November of this year. The PSDB, the new dissident party of the PMDB, will present candidates in few cities—precisely where it has real chances—disseminating the dissident line with a view to the future. The fate of the PMDB is also sealed by the municipal elections; however, it is susceptible to a new collapse against the barrier of the convention on 21 August.

The PDT and PT are taking maximum advantage of the preparatory and launching nature of this campaign, naming candidates where possible without counting much on the results. An exception should be made for presidential hopeful Leonel Brizola in the cities of Porto Alegre and Rio. The question most heard among candidates and leaders of all parties is: "If Brizola should lose in those cities, where is he going to form a base?" Which is answered by Roberto D'Avila, candidate for deputy mayor of Rio for the PDT: "It is not important to win because this municipal election is an uncoupled election, for television and penetration."

The PL and the PDS are also wagering on their own candidates to gain ground now and in the first round of the presidential elections. "The strategy is to test the party's strength and attempt better coalitions in the second round," declared Jarbas Passarinho, president of the PDS. However, the PDS will not refuse coalitions in the municipal elections, with expediency as the guiding principle: in Para, with the PMDB; in Rio Grande do Sul, with the PFL. Guilherme Afif of the PL vetoes coalitions and declares that his party has an overall plan, presenting its own candidates.

### Electoral Metabolism

The PFL is another party that faces one more obstacle before the municipal skirmishes, going through the test of the convention. In the meantime, its strongest candidate for mayor of Recife is Joaquim Francisco of the dissident wing, while the already announced presidential contender, Aureliano Chaves, tends toward the conservative wing of the party. Marco Maciel, president of the

PFL and a dissident, considers the coming presidential election "atypical" because Brazil has not elected its president in 30 years and the number of voters has grown from 10 million in 1970 to 75 million now. Besides that, there is a restructured party lineup and two rounds.

"That changes the metabolism of the elections and forces the parties to look to the future, seeking partners," predicted Maciel. "The 1988 municipal elections serve as a preparatory stage for the 1989 challenge but do not have the electoral importance they would have had if they were coupled elections," he added. "In an uncoupled presidential election in 1989," a municipal base is not required," contradicted Miro Teixeira (PMDB-Rio de Janeiro). "But defeat in the municipal election reduces the ante, while victory will have a great psychological effect," commented Euclides Scalco, secretary general of the PSDB. Lula, the PT's presidential hopeful, trusts in the principle that the people vote for a candidate and not a party, for which reason he is going to begin visiting all the capitals on 8 August. Fernando Henrique Cardoso (PSDB-Sao Paulo) takes the opposite view: "The municipal elections will be more of a test for the parties than the candidates."

PMDB presidential hopefuls Ulysses and Quercia merge their fate with the results of the August convention, before the municipal elections. The dissidents of the new PMDB, meanwhile, have already defined a principle for the municipal elections: "We are going to win the elections without exceeding the bounds of the distinctness of the party in terms of public opinion," said Jorge Hage (PMDB-Bahia), one of the leaders of the dissidents. That group wants to name its presidential candidate and define its strategy only after the convention. According to political leaders of various hues, presidential hopefuls Brizola and Janio are going to avoid personal involvement with candidates in the municipal elections because of the importance of the test. They do not want to run risks.

### Great Uncertainty in Sao Paulo

Sao Paulo, which has the greatest concentration of presidential hopefuls per square meter, is the large capital where the municipal succession is most paralyzed at this time from a lack of definition. There is the Silvio Santos wavering; the PSDB "toucans" still do not know if they are going in with Franco Montoro, Jose Serra, Fernando Henrique, or will wait for the adherence of Antonio Ermirio. The Brizolists mistrust Ruth Escobar but have not settled on Airtton Soares, although concerned about leaving a message there in order not to slight the city, and counting on the PT for a presidential second round.

The candidacy of Joao Leiva, in the Quercia orbit, "is literally springing a leak," according to Sao Paulo Deputy Guilherme Afif, who also sees Janio Quadros going over the candidacies "like a cat over hot embers." Although trying to preserve Ulysses Guimaraes, Quercia

has sent messages to the new PMDB through Almino Afonso; but in the center-left of the party, an alliance with the PSDB in the Sao Paulo capital is considered more probable.

The PT is going to fight hard with Luiza Erundina, especially in the state government, while Lula will try to nationalize the debate "in all the cities where the party has a chance, those with more than 50,000 voters," as the PT presidential hopeful said. For the time being, that is the only definite thing.

#### **Pimenta Wagers Against Newton**

In Belo Horizonte, the PSDB "toucans" are flaunting the candidacy of Newton Cardoso's archenemy, Deputy Pimenta da Veiga, who expects to reach an understanding with the PSB, PV, PC do B, PC, PH, and perhaps even the PDT and the PT, with the argument in the case of the PDT that the Minas capital is not a Brizola nucleus and this candidacy now is only going to help the governor's candidate. This conquest will be difficult also because the PT already has a candidate presented in the preconvention: Virgilio Guimaraes.

The PMDB still does not have a definite candidate although the name of Deputy Alvaro Antonio is much mentioned. In the 1986 elections, however, he won first place in the voting of only one electoral zone, Barreiro, not even appearing in the lists of other areas with a high vote density.

The victory of this candidacy exclusively strengthens Newton Cardoso, who will utilize it for future alliances, coalitions, or for his own takeoff, and the governor is going to involve himself in it completely.

There is the possibility of the PMDB receiving the adherence of the PDC and the PTB in the event that the Deputy Jose Elias Murad group is defeated in the party convention.

#### **Salvador Waiting for the Day After**

The fate of the PMDB in Salvador is closely linked to 22 August, the day after the national convention. The new PMDB merged in the "Salvador Front" with the PC, PC do B, PSB, and PT, is going to select its candidate from among Federal Deputies Jorge Hage, Domingos Leonelli, and Virgildasio de Senna. The PMDB, controlled by Mayor Mario Kertz, linked to the wing of Minister of Housing and Urban Development Prisco Vianna, has a list of nine possible candidates, from composer Gilberto Gil to commentator Fernando Jose, a sort of local Silvio Santos, and various state deputies.

The victory of the front strengthens Governor Waldir Pires in a national negotiation that can involve Mario Covas of the PSDB as well as Ulysses Guimaraes in the

centrist PMDB. The PDT in Salvador does not have much strength and should remain with the mayor's PMDB wing without presenting its own candidate.

The PFL will come into the municipal elections with candidate Manoel Castro, who was once mayor of the city. He will attract the parties of the so-called center-right and will do what Minister Antonio Carlos Magalhaes orders in the first or second round of the presidential elections.

#### **Francisco, a Strong Name in Recife**

Miguel Arraes' PMDB will wager everything on candidate Marcos Cunha for mayor of Recife, and there is the possibility of an alliance with the PCB, PC do B, and even the PSDB, if Deputy Cristina Tavares does not head another slate. The PFL enters the campaign in a strong position with Deputy Joaquim Francisco, former minister of Jose Sarney, who left the government stronger than when he entered.

The PFL candidate considers it possible to structure a campaign turned toward future elections, allying himself with the PTB, PSD, PL, PDC, PDS, and PSC. The PDT has its own candidate in Recife—Joao Coelho—although the PFL does not discount the possibility of staying with Brizola in a presidential second round. "The enemy of the PFL in Pernambuco is the PMDB," thundered the party president, Senator Marco Maciel.

A defeat by Marcos Cunha would reduce the strength of Miguel Arraes in a national arrangement in 1989, and the party will work hard to avoid that prospect. Victory would increase the national ante of the PMDB centrist candidate, Ulysses or Quercia—Quercia more than Ulysses. Lula's party will seek some base in Recife, presenting its own candidate who is yet to be determined.

#### **Marcelo and Valle Tied in Rio**

In Rio, the PMDB will select its candidate from among Flamengo's Marcio Braga, the former chairman of INAMPS, Esio Cordeiro, Jose Colagrossi, and Deputy Jorge Leite. The PSDB has named Deputy Artur da Tavola; the PT is going with Jorge Bittar; the PL will come out with Alvaro Valle; the PSB with Jo Resende; the PFL with Helio Ferraz—"Super Helinho"; the PDT with Marcelo Alencar; the PC do B with Jandira Feghali; and the Green Party is still undecided.

A still secret survey ordered by Governor Moreira Franco indicates 22 percent for Marcelo Alencar, 22 percent for Alvaro Vale, 18 percent for Artur da Tavola, 10 percent for Marcio Braga, and 3 percent for Jo Resende. According to the analysis of the Rio politicians, two possibilities can still occur: an alliance of the PMDB and PSDB, or a front that will embrace the "toucans," the PSD, the PC do B, and possibly the PCB.



This alliance has a chance of victory but it requires the disavowal of Jo Resende and the exchange of the presidential dream of Saturnino Braga for a candidacy for governor some time later. With the alliance or without it, Moreira Franco will remain in the presidential orbit of the centrist PMDB, while Brizola will make his first and strongest test here. If he loses, he will be opening his campaign badly. "For certain presidential hopefuls, it would be useful if this municipal election did not exist," declared Deputy Miro Teixeira.

#### **PDT Is Weak in Porto Alegre**

In Porto Alegre, the second place where the Brizola politicians expect a good campaign start, Brizola is especially uncomfortable because of a lack of decisive campaigns in the 1988 municipal election. The PDT has Carlos Araujo, former member of VAR-Palmares, viewed as very radical, and Dilamar Machado, municipal secretary who failed to be elected state deputy. There is the possibility of Sereno Chaise, the last cassated mayor of Porto Alegre, all ruled by an Alceu Collares administration that does not give or take votes.

The strengthening of that roster requires a complex coalition. The PDS and PFL made an alliance with Guilherme Vilela of the PDS for mayor. They dream of gaining Nelson Marchezan for this campaign, with the commitment of being governor in 2 years; and the PDT can enter into that function. The coalition becomes complicated because it requires the commitment of Brizola for president.

Lula consolidates a good base in Porto Alegre with Olivio Dutra, who has votes outside the party and is in that city a little of what Plinio Sampaio represents for the PT in Sao Paulo. The PSB is presenting a popular candidate, Fulvio Petrarco, who gives Roberto Saturnino an ante for future coalitions and may now be able to receive the support of the PSDB if it does not present Senator Paulo Bisol.

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#### **Joint Commission Acts on Trade Imbalance With Bulgaria**

33420118d Sao Paulo GAZETA MERCANTIL  
in Portuguese 16 Jun 88 p 3

[Text] Brasilia—Brazil is willing to import some new products, such as barilla for the glass industry and oil, to reverse the surplus trend in trade exchange with Bulgaria. Brazil purchases oil derivatives irregularly from Bulgaria, but PETROBRAS may import crude oil from that country in a transaction that would involve the Vale do Rio Doce Company, which would export iron ore.

Bulgaria has large stocks of oil as a result of transactions with Middle Eastern countries. The Bulgarians also have a large refining capacity and will be able to supply

derivatives such as diesel, in addition to oil. The advantage for Brazil is that those imports will be effected under a "clearing" account, that is, without the expenditure of foreign exchange. Since Brazil accrues a high surplus—\$136 million in 1987—it would utilize those credits to reduce the imbalance.

At the eighth meeting of the Brazilian-Bulgarian Joint Commission, which concluded in the Foreign Ministry yesterday, it was decided that the Bulgarians will detail the oil offer and that in the last quarter of this year or the beginning of 1989, a ministerial-level mission will come to Brazil to evaluate the progress made in correcting the trade imbalance.

The meeting that concluded yesterday also expressed the interest of Brazilian enterprises and agencies in importing Bulgarian products: for example, Isoterma of Sao Paulo wants to purchase rolled steel; the Medication Center (CEME) of the Ministry of Health is interested in pharmaceutical materials; Comexport (Sao Paulo trading company) wants to import raw materials for the chemical and fertilizer industry in exchange for the export of textiles and finished goods; the Development Center for Technical Support to Education, attached to the Ministry of Education, may import equipment that has no national counterpart for laboratories and technical schools.

In the livestock sector, EMBRAPA is interested in Bulgaria's buffalo genetic development program. In the medication sector, CEME and the Oswaldo Cruz Foundation have offered to receive a mission of Bulgarian specialists to show them the Brazilian laboratories. CEME wants to purchase materials for the manufacture of antibiotics, and Oswaldo Cruz wants serum to make products that can be exported to Bulgaria.

A joint program in the area of software may also stem from cooperation with that socialist country. The Parai-buna Metals Company is interested in the technology of refining copper with high-tension electric current.

Representatives of the states of Ceara, Rio Grande do Sul, and Pernambuco also participated in the meeting of the joint commission. The Ceara Government is interested in a program with Bulgaria for the genetic development of fryers. In exchange, it would offer cashew products and concentrated tropical juices.

08711/09599

#### **IBGE Forecasts Record Grain Harvest**

33420118b Sao Paulo GAZETA MERCANTIL  
in Portuguese 18-20 Jun 88 p 18

[Text] Rio—According to the May survey released Friday by the Brazilian Institute of Geography and Statistics Foundation (IBGE), the 1988 national grain harvest should reach 66.2 million tons. This amount represents a decline of 0.3 percent compared to the 66.4 million tons

of the April survey but, even so, represents a record for national production, exceeding by 2.47 percent the 64.6 million ton harvest in 1987.

Despite the record grain production, the IBGE reported that its first estimate for the agricultural Gross Domestic Product (GDP) based on the results available for May indicates practically zero growth compared to the previous year. The agricultural GDP is based on the physical production of all agricultural products although grains (leguminous and oleaginous cereals) carry greater weight in its calculation.

#### **Decline in Corn and Wheat**

According to the IBGE experts, the zero growth of the agricultural GDP is due basically to decreases for products that carry great weight in its weighted configuration, such as corn and wheat.

In the event that this behavior of agriculture this year is confirmed, the estimates for the performance of the real GDP should also undergo changes.

The government's predictions were for an expansion of this year's GDP of around 1 percent, assuming a growth of around 3.5 percent for agricultural products. In its May survey, the IBGE identified drops in the national oleaginous and leguminous cereal harvest for the following products compared to last year: sorghum (23.4 percent), peanuts—first crop (16.23 percent), corn (7.85 percent), oats, rye, and barley (5.87 percent), and wheat (5.51 percent). On the other hand, the following products

showed an increase compared to the 1987 harvest: castorbean (101.89 percent), beans—first crop (74.35 percent), beans—second crop (38.11 percent), cotton (37.83 percent), rice (14.84 percent), soybean (5.91 percent), beans—third crop (5.69 percent), and peanuts—second crop (4.76 percent).

According to the IBGE, compared to the April survey, the May survey shows an increase of production, notably for unshelled peanuts, onions, and tomatoes. The variation in the peanut estimate is explained basically by the increase in the average yield of this crop inasmuch as the area to be harvested is expected to decrease. On the other hand, the predictions for onions were revised for both the area planted and the expected yield. Similarly, the production of tomatoes increased as a result of the increase in the estimate for the area harvested or to be harvested.

#### **Livestock Increases 13.3 Percent**

With regard to the livestock sector, the production of meat in the first 4-month period showed an increase of 13.3 percent for beef and 10 percent for pork, and a decrease of 3.4 percent for poultry. The greater slaughter of cattle basically reflected the return to normal of the supply of fattened steers and the continued intense slaughter of breeding cattle because of the decrease of prices of livestock products in general. On the other hand, according to IBGE, the lowered performance of the poultry sector is explained by the erosion of the people's purchasing power. This fact does not influence the behavior of cattle-raising and hog-raising because of the more lively cycle of these animals.

08711/09599

**Leftist Leader's Views on Military Decried**  
33480174a Santiago LA NACION in Spanish  
2 Jul 88 p 9

[Text] "Marxist leader Ricardo Lagos, head of the opposition, is echoing the position of the Communist Party and the MIR [Movement of the Revolutionary Left] on the Armed Forces, to the effect that 'top officials must be purged' and the Armed Forces transformed, as terrorist leader Andres Pascal has also maintained."

This statement was made yesterday by Alfonso Marquez de la Plata, minister of labor and social welfare, before hundreds of women assembled in the city of Buin, where the official had been invited by community organizations supporting a "yes" vote in the coming elections.

Marquez de la Plata said that the first sign that the Communist Party is "leading the 'no' vote is the latest statements by Lagos, who maintains that military officials in the government will retire in the event of a victory by the negative option.

"Lagos is repeating precisely the Communist Party's constant position on this matter, a position taken up by former Communist deputy Luis Guastavino at a press conference during which he maintained that 'top officials of the Armed Forces must be purged,'" he said.

He added that these statements also coincide with those made by Andres Pascal, terrorist leader of the MIR, who said in 1985 that it is necessary to "transform the Armed Forces and the police."

"The Chilean people have been served notice that the Communist Party has taken command of the 'no' position, is leading the way and placing its own stamp on the movement," Marquez de la Plata said.

He then continued his speech before the women of Buin, to the effect that if we want to continue as a country, "we must support our president in his projections."

He stated that the other alternative, the "no" vote, leads to more Nicaraguas, Cubas and so many other countries now under communist dictatorships.

The minister went on to say that "the frank democratic leaders of the opposition are no guarantee that they can halt the Marxist antidemocratic sectors. The latter have a long history of blunders, resignations and submission and have never had the courage to stand up to the communists in any decisive fashion," the high official told the women of Buin.

**Return**

The labor minister then analyzed how the "no" vote, as the government has claimed for months, means a return to the Popular Unity (UP). He indicated that there are several facts clearly proving the assertion.

"First of all, Lagos has assumed leadership of the 'no' vote and is saying that we must complete Allende's inconclusive work. Furthermore, former UP ministers defend the Popular Unity Government and maintain that the ENU (Unified National School) exists as a solution to the problems of education," he said.

Marquez de la Plata added that former deputies under the UP regime maintain that Allende fell because of "his successes." He added that democratic opposition sectors, Christian Democratic and Social Democratic leaders are being "backed into a corner and subjugated by UP supporters."

"The primus inter pares (first among equals, as the Christian Democratic Party called itself) is not capable of preventing multiple pacts between the Christian Democratic rank and file and the outlawed Communist Party," Marquez de la Plata said.

This ended, he said, with the PC's entry into the "no" campaign.

Finally, Marquez de la Plata appealed to the women of Chile, "who will defend their country and not allow us to be colonized by anyone."

**Contreras on Lagos' Statements**

The statement made by Marxist and opposition leader Ricardo Lagos to the effect that those officials who have been involved in the work of this government must retire if they achieve power is an open threat implying the decapitation of the Armed Forces.

This statement was made yesterday by Manuel Contreras, president of the General Confederation of Workers (CGT), when questioned about opinions expressed by Lagos in a speech delivered in the city of Talagante.

Contreras said that the opposition is planning a Philippine-type program for the months ahead, a program aimed at refusing to recognize any possible victory of a "yes" vote in the elections and leading to an attempted revolution.

He noted that the workers, most of whom are not active in political battles, "will be alert to such statements by Lagos."

He went on to add that the Armed Forces enjoy the respect of all Chileans and have a mechanism of promotion that no politician can ignore.

The president of the CGT made these statements at the close of a press conference during which he reported on his participation in the assembly of the International Labor Organization, the ILO.

Contreras said that it is not true that the national labor delegation has been isolated, as the opposition has claimed, and noted, on the contrary, that "we have the sympathy of several countries that see a definite path toward democracy in Chile."

He viewed the reduction in the Value Added Tax (IVA) as a highly positive measure in that it will bring relief to thousands of Chilean homes as it brings food prices down.

Finally, he said that early retirement for persons engaging in heavy manual labor was a measure long awaited by workers and called it fair. 11

11464

**New Gold Deposits Discovered in Coquimbo Region**

33480174b Santiago LA NACION in Spanish  
5 Jul 88 p 15

[Text] Minister of Mining Samuel Lira Ovalle announced yesterday the discovery of a major gold deposit by LAC Minerals. The Canadian firm acquired 85- percent ownership of El Toqui Contractual Mining Company and the Lago Verde Condor Legal Mining Company at the end of 1987.

The new deposit is at Cerro Apolinario, some 200 km from La Serena, Region 4, and has features very similar to those of El Indio deposit, located 30 km away.

The deposit is made up of quartz and sulphur veins with a high gold content. Preliminary studies indicate that the deposit has over 31 grams of gold per ton of mineral, substantially higher than the gold content of other major Chilean deposits.

LAC is now engaging in exploration that will become intensive once winter is over. Whatever the case, the announcement of the discovery complies with North American legislation, which requires that companies inform their shareholders of relevant facts such as the discovery of this deposit.

It is important to emphasize that along with gold, other important elements such as copper are often found. As a result, the new deposit may have a very positive impact on mining activity in the country, to be determined definitively once the Canadian firm finishes its exploratory work. Consequently, it is still difficult to gauge the size of the reserves or the amount of the investment required to work the deposit. However, given the mineral content and its conformation, it is thought that it will be very significant and greatly strengthen Chile's position as a gold producer.

11464



### Development Viewed As Anti-Insurgent Measure

56002047b Bogota EL TIEMPO in Spanish  
11 Jul 88 p 3A

[Article by Luis Fernando Garcia: "River Towns Can Stand No More Violence"; first paragraph is introduction]

[Text] Peace will come to the region when the central government and the community leaders of Santander acknowledge its problems and come up with real solutions. There is not a single school in the zone, nor a health care center for 20 km around. A canoe trip to the nearest hospital costs 40,000 pesos.

The problems of Vijagual, the main district of Puerto Wilches in Santander, are the same ones besetting hundreds of Colombia's regions that have been afflicted by violence in recent years.

According to its inhabitants, the guerrillas cannot be combated here by increasing the army's troop strength.

There is only one way to eradicate violence: by providing the region with basic services so that its 5,000 inhabitants and 12,000 more in neighboring settlements do not become a breeding ground for the subversive groups.

There are no schools, no health care posts, not even a Telecom [National Enterprise for Telecommunications] station in Vijagual. The military is the only authority, exercised by a lieutenant who commands a unit of 80 men.

Although a police inspector has been appointed, he has never been able to do his job because if he did, he would be a dead man. He, like many others, has been threatened by the guerrillas.

Meetings are held there among all of the rebel groups that operate in the country with financing from drug trafficking, which has practically taken over the region. The biggest estates in the zone belong to relatives of Pablo Escobar Gaviria, the visible head of the Medellin Cartel, and to the Barreto family.

According to the Vijagual villagers, planes are seen landing continually at the clandestine airstrips that have been built there.

The rebels also travel the river in late-model, high-speed motorboats outfitted with weaponry, which a few weeks ago attacked a Navy gunboat that had arrived to reinforce the military unit.

Many peasants have been instructed to replace their food crops with coca or marijuana. Those who refuse are threatened and even prevented from entering certain places.

Many peasant farmers have not sent their children back to the kindergarten organized by the sisters of charity, out of fear that they may be kidnaped.

The police were removed in 1966 after a group under the command of the deceased guerrilla Ricardo Lara Parada assaulted the post and killed eight agents and wounded five others.

### Exodus of Peasants

The peasants do not want the army to leave, because they feel somewhat protected with the troops in the town. Many say that "when the troops leave, they will follow."

According to the commander of the counter guerrilla group of the Nueva Grenada Battalion, close to 60 subversives have died during fighting over the last 2 months.

The former secretary of the Puerto Wilches Council, Adolfo Argumedo, said that this year has seen the cruelest violence in the zone.

The only transportation route is the river, but the people of Vijagual prefer not to leave the town, because they cannot afford the fees.

Many sick people die for lack of timely care, because a trip to the nearest hospital costs 40,000 pesos.

Fearing that they would be killed during shootouts or starve to death, entire families have abandoned their property and emigrated from nearby settlements to Puerto Wilches or Barrancabermeja.

Helicopter gunships have occasionally strafed the guerrilla-infested region, but innocent peasants have also died during these operations.

The debris of war abounds in the jungle. A few days ago several soldiers and two peasants, the latter identified as Walter Braichar and Angel Hernandez, were seriously wounded when a fragmentation grenade that they ran into exploded. This, they say, is common.

### God Has Forgotten Us

Argumedo says that the situation is desperate. "People have lost their will to live. They are leaving their farms, thus giving ground to the narco-guerrillas. There is no one to help us. It seems as if even God has forgotten about us in Vijagual."

Only one of the locals, parish priest Antonio Clavijo, injects a daily dose of optimism into them lest they lose all hope of seeing peace return any time soon.

Father Clavijo, unlike Fathers Lain or Perez, who exchanged their Bibles for subversive weapons, opted to return his rifle as a combatant in the regular army and to wear his religious habit. He has headed the parish in Vijagual for 5 years now.

But those who have not lost faith recently sent President Virgilio Barco Vargas and his adviser for peace, Rafael

Pardo Rueda, a message in which they call for government assistance to save this corner of our country. So far no one has responded, and districts like Paturia, Chingale, Sitio Nuevo, El Guayabo, Badillo and Carpintero are still subject to the law of the jungle, where only guns have a say. Meanwhile, the residents wait patiently, hoping that the National Rehabilitation Plan that they have heard so much about will arrive there some day too.

8743

**Problems With Marketing Oranges Described**  
*32480187a Havana TRABAJADORES in Spanish*  
4 May 88 p 3

[Article by Rodolfo Torres]

[Text] The bumper orange harvest has practically come to an end this year. The results could be seen in the little marketplaces and the produce markets of Havana, where a large quantity of sweet, juicy fruit was on sale. But behind that abundance there were problems that had better not be repeated.

Let's look at the problems and reflect on them: Cuban citrus production will be larger and larger every year, and if we do not act now to solve various difficulties and disagreements between agriculture, industry, foreign trade, cold storage plants, marketplaces, produce markets, and domestic trade, some of the money and effort invested in these harvests will go down the drain, as happened this year and in previous years.

Like all stories, this one has its beginning: in the Habana del Este cold storage plant on the old Guanabacoa highway and Rotonda de Cojimar. In late March, 1,600 tons of oranges was being stored in five refrigerated chambers. At the time of our visit to that establishment, 5 percent of the oranges had rotted. The fruit had been sitting there since late January.

The workers explained that these were export oranges that had been rejected because they did not meet certain quality standards. The logical thing to do, they pointed out, would be to remove them as soon as possible and distribute them to the little marketplaces, produce markets, hospitals, daycare centers, cafes.

That plant uses an average of 180 megawatts per month (it is one of the biggest consumers), and according to these workers, a quarter of that power (translated into petroleum, foreign exchange) goes to refrigerating goods that are often discarded.

"And that's nothing," argued Antonio Gonzalez, secretary of the Party in the establishment. "Many times whole rooms full of fruit have rotted."

Jose Antonio Perez, the administrator, added that the cold storage plant "is not a warehouse, but a transit point for export." The specialists at CUBA-CONTROL go there 3 days before shipment to inspect the fruit; if it is rejected, then Select Fruits or Storage takes charge of it.

If it is so easy to deal with matters this way, why did it take so long to pick up the fruit and distribute it? That's why we talked to managers and officials of both entities. Pedro Valero, assistant manager of the Union of Enterprises, responded that small fruit is preferred on the international market, while in Havana and Cuba in general, it is quite the opposite.

But "the rejected oranges are small and have no market," added the official. "Moreover, we didn't have transportation, and they had already lent us several trucks." In fact, a few hours later they began to remove the oranges from the storage plant.

Among the numerous people we interviewed, Cesar Delgado, assistant manager of trade for the storage enterprise in the capital responded that to remove the fruit from the cold storage plant, "there has to be agreement that the fruit cannot be exported, and it has to be held there until the limits of its exportability."

But aside from the rejected oranges that were being stored in the coolers, between 40 and 50 trucks loaded with crates of fruit from the Ceiba Citrus Enterprise would arrive in Havana each day. This fruit had been treated with paraffin and liquid soap, which is required for export, making the quality last longer and the appearance more attractive. This explains why the fruit costs as much as 25 centavos a pound.

Furthermore, in conversations with employees and administrators of marketplaces and produce markets, everyone said the same thing: "People spend a long time selecting fruit."

"It is true that they take the fruit, but we don't get rid of the product so easily. It is more expensive, but our instructions are not to reduce the price of treated oranges." They added that for this reason, a considerable amount of citrus rots and has to be thrown away.

Through phone calls to zone chiefs of trade and municipal and provincial offices of the Ministry of Domestic Trade (MINCIN), we learned that treated oranges are not reduced in price. This is the case even if their quality has deteriorated or if there is a glut on the market.

In view of this situation, we interviewed Ernesto Ulmo, chief of the Department of Non-Sugar Agriculture and Sugar Industry of the State Committee for Prices (CEP). He recalled the requirements of Resolution 170 of 1986, which states that when a product deteriorates in quality, "the retail price set for the next grade down, as the case may be, will be charged."

Even so, neither Resolution 170, which is official, nor common sense managed to ensure more use of this product. One of the managers said, speaking from an economic and business standpoint not in keeping with these times, "the losses are minimal, because the product ends up paying for itself."

Naturally, this assertion does not take into account the possibility—and the need—to diversify the supply of this citrus fruit: selling it peeled, taking it to cafes and restaurants where there is no juice of this fruit. In fact, despite the abundance of oranges, few workers' cafeterias had them.

In the years to come, there must be adequate coordination among the entities that market oranges so that the fruit will reach its destination on time and in good condition, without unnecessary expense.

It is also important to take supply and demand into consideration, because the price of an agricultural product cannot remain fixed, given the possibility of deterioration or oversupply.

08926

**Public Health Statistics Detailed**

32480187b Havana TRABAJADORES in Spanish  
26 May 88 p 1

[Article by Jose Yanes]

[Excerpt] In 1987, the State Budget allocated 810.2 million pesos for maintaining the health of our population, which represents an increase of 40.5 million pesos in total spending over the 1986 figure.

The funds that the revolutionary state devotes to public health care have risen steadily since 1981, when the total allocation was 505.1 million pesos, to 681.5 million pesos in 1985.

The opening of new facilities and the expansion of old facilities made for a total of 58,000 beds available for medical care, a 7.7 percent increase over the 1986 total.

In addition, hospital services, cardiovascular surgery programs, organ transplants, and Family Doctor residential clinics have expanded as well.

Similarly, advanced technology has been introduced in prenatal diagnostics and the AIDS research program, along with the use of leuferon.

Our country has also managed to reduce the infant mortality rate from 13.6 to 13.3 per thousand live births, which gives us the lowest rate in all of Latin America.

The costs per unit of hospital activities, meaning the expense per patient per day, rose by 10 centavos over the 1987 plan, 1.16 pesos over the 1986 plan. This means that in 1987, expenditure per patient per day was more than 1 peso higher than in 1986.

Expenses for polyclinics and dental clinics exceeded the 1986 total by 18.2 million pesos, which reflected not only the opening of new facilities, but also a 6.2-percent increase in office visits.

Moreover, in 1987 some 1,400 Family Doctor residential clinics were opened up, raising to nearly 9 million the number of office visits to the 4,021 family physicians. This required spending approximately 31.8 million pesos.

Other interesting statistics reveal that spending on salaries was 97.1 percent of what was called for in the plan, 451.9 million pesos. This, in turn, translates into the net incorporation of an additional 2,493 doctors and 171 dentists, plus about 8,000 mid-level health technicians, of whom 6,997 are nurses.

08926



**Portrait of Salvadoran Refugee Life in Colomancagua Camp**

32480089 San Salvador EL SALVADOR PROCESO  
in Spanish 22 Jun 88 pp 14, 15

[Text] In 1980 and 1981, thousands of peasants from the departments of Morazan, La Union, Chalatenango, Cuscatlan, and San Vicente abandoned their farms, their meager land, and their few belongings, fleeing from terror and death: Dispossessed of everything, many in a serious state of malnutrition, victims of diseases which become epidemic at the outset, and traumatized by the scenes of horror that they witnessed in their villages and along the roads, they arrived in Honduras.

There are currently 15,000 Salvadoran refugees in Honduras, gathered in the Mesa Grande, San Antonio, and Colomancagua camps. These are closed camps; the refugees cannot leave, and are denied freedom to move. A military siege remains in the vicinity of the camps. Most of the refugees have already spent over 7 years in the shelters.

**Life in the Shelter**

There are 8,300 refugees living in the Colomancagua camp, 2 km from the Honduran town of the same name; the majority (60 percent) are children under age 14, 25 percent are women, and the rest are men of very advanced age. With the passage of time, the refugees' situation has become worse. Leading a confined life has made them depend on the aid from humanitarian agencies. The United Nations High Commission for Refugees (UNHCR) administers and provides the aid through food programs. The refugees cannot be self-sufficient under the restricted conditions in which they live. Every year there are reductions in certain staple food products; and nutritional deficiencies, due to the shortage of vitamins and proteins, are considerable.

On the sites where the Colomancagua and San Antonio camps are located, it is virtually impossible to grow anything to eat. The soil is very poor and, besides, the authorities do not allow land to be leased. Nevertheless, when one enters a camp, everything is moving. The people resemble a swarm of ants; everything is operating and agitated. In the morning, the children go to school, and in the afternoon, they learn a trade. The elderly take care of the youngsters, so that their mothers can go to the workshops. Life in the shelter revolves around work. Work is the only means whereby the people have managed to survive the total, absolute confinement. There are different work areas: agriculture, and workshops in which they produce clothing, shoes, and necessary utensils (UNHCR provides raw material). The peasants have taken advantage of their stay in the shelter to learn something new, to become trained. Now, after 7 years, people without an opportunity to learn a trade are being trained. Work accounts for much of the life in the

shelter; the refugees themselves assume responsibilities in the fields of health and nutrition, education, pastoral service, production, and training.

Life is organized collectively, a spirit resulting from the necessity of living far from contact with the outside world.

**Besieged Militarily**

During the entire 8 years, the camps have been under constant repression by the Honduran authorities. From the beginning, they have been confined and besieged militarily, under the pretext of preventing relations with FMLN [Farabundo Marti National Liberation Front], or some type of influence on the Honduran population. For this reason, and based on the concept of national security, all the camps are located at least 2 km away from any Honduran settlement, a criterion that is not applied to the Nicaraguan refugees in Honduras.

In 1983, the refugees in Colomancagua resisted relocation inside Honduran territory. There has been talk of repatriation since 1984, and there is constant military pressure to have the refugees returned: constant searches inside the camp, militarization of the area, and a continuous string of incidents. In August 1985, nearly 200 Honduran Army forces entered the Colomancagua camp, killing 3 refugees and wounding 50, covered by the excuse of the presence of guerrillas within the camp enclosure. Two months ago, on 23 April 1988, they killed a 63-year-old refugee with a shot in the back while he was working, in Colomancagua. On 8 June, they wounded a refugee while he was planting vegetables. Other incidents such as seizures and threats are persistent.

The militarization around the camps has been heightened recently. Three weeks ago, the Honduran Army reported a confrontation with FMLN in one of the bolsons being disputed with El Salvador, in which three Honduran peasants were killed. A reporter from the newspaper TIEMPO in Honduras arrived in the area to investigate the case, and discovered that there had been no such confrontation with FMLN; rather, the Honduran Army had broken into the peasants' house at night, and murdered them.

There is close cooperation between the armies of Honduras and El Salvador. What is happening is disturbing, but it is very difficult to check, because there is no access to this entire area controlled by the military from a new base very close to Colomancagua, built with funds from the United States, in which there are 500 special troops under the command of a U.S. Army major.

**Determined To Remain**

In view of the nonrepatriation of the Colomancagua and San Antonio refugees, the Honduran and Salvadoran Governments have accused them of being closely connected with the guerrilla movement. The refugees refuse

to return to our country, because they have been accused of having relatives in FMLN. But, in El Salvador, the connections with the guerrilla movement even extend to families such as the Morales Erlichs, the Rosa Chavez', and many others, who are not accused of aiding and protecting FMLN on that account. The complexity of the conflict has caused many families to become divided in their political options. The accusation hovering over the refugees has created a precedent, favoring any type of military occupation and exacerbating the refugees' suffering further still.

As for repatriation, the Salvadorans in the Colomoncagua and San Antonio camps have claimed that, because they are residents of troubled areas, such as the northern part of Morazan and San Miguel, they do not see any conditions, for the present, that would make it possible for them to return to El Salvador. They want to return to their places of origin as the Salvadorans that they are, and not to a different location as displaced people. They have declared that they see no real conditions for returning, and are determined to remain in Honduras.

2909

**Text of Seaga's Statement of Talks With PNP**  
32980183a Kingston THE DAILY GLEANER  
in English 23 Jul 88 p 37

[Statement issued 24 July 1988 by Prime Minister and leader of the Jamaica Labor Party Edward Seaga on "peace" talks held with the opposition People's National Party (PNP)]

[Text] The suspension of discussions on the preparation of an agreement on peace between the political parties has understandably given rise to public comment and concern.

This document which has been the work of a Bi-partisan committee of both major parties suffered in its earlier form from being a generalized statement of intent with no provisions which spelled out the specific elements of good conduct necessary to promote political peace.

Recently, the weakness of the early draft was bolstered by submission of specific provisions relating to good conduct which we submit are an essential part of the process of political peace. Those specific provisions were readily accepted by the committee and now form an appendix to the regular document.

It is well recognised that neither the generalized nor specific provisions of the peace document is a guarantee of political peace. Nothing, indeed, can guarantee political peace since neither party nor the political leaders have control over the numerous possibilities of confrontation, nor all the people involved.

The best guarantee of political peace has been the climate of fraternity and the much reduced political temperature that has prevailed over the past several years. The government has operated on a basis of "malice towards none", as I promised in my inaugural address to the nation on the occasion of taking the oath of office at Kings House in 1980. We have not been perfect in maintaining that policy, but none can say that we have not eliminated the political abuse; the fiery political rhetoric which incited hatred and aggression; reduced considerably the intensity of victimization; and generally restored a climate of stability in which tensions have been much less and people once more are free to be outspoken in their views and to participate in social occasions again without fear.

In keeping with this climate, the People's National Party has likewise responded by carrying out its responsibilities as a political opposition without militancy and with maturity. Good conduct by government begets good conduct by opposition, and likewise good conduct by opposition begets good conduct by government. This is why we have emphasized good conduct as an essential element of the peace process.

As a result, both major political parties, as well as Michael Manley and myself, are enjoying the best relationship between political adversaries experienced in recent times.

**Political will**

However, as we approach General Elections, there will be a need for more than the good relationships to prevail between leaders and the parties at the top levels. Each day as the campaign intensifies, JLP and PNP supporters will be confronting each other in all walks of life and the good relationships which exists at the top must now be transmitted to the lower levels of the parties.

To do this requires political will and determination to ensure and enforce peace as effectively as possible, bearing in mind that neither of the major parties have full control over persons who are supporters, nor indeed over others who are not supporters, but who may incite and provoke aggression and violence.

Until last Sunday (July 17, 1988) when the annual conference of the JLP was held, I was of the view that the efforts to promote political peace had penetrated sufficiently to the lower ranks of the parties to ensure that planned acts of aggression and deliberate provocation would not take place on any significant scale. It was on that basis that I was then prepared to sign the document drafted by the Bi-Partisan committee, and I publicly indicated this.

The events which followed have established that there is much work left to be done to get political supporters to understand the need for political peace and to commit themselves to the process.

In the aftermath of the JLP conference, twenty eight (28) persons were injured on their way home through seven (7) parishes by attacks on the buses and cars which transported them. Some persons were shot, others injured by knife wounds and still others by stones. Fourteen (14) of the injured had to receive hospital treatment, three (3) of whom were admitted for surgery.

In the conflicts which ensued some PNP supporters were injured, and one, identified as the person who cast the stone which started the conflict on the Portmore Causeway, died by drowning.

A significant feature of the attacks was the fact that the great majority occurred in lonely areas of roadways where no one lived and in which men secluded themselves behind bushes from which points they hurled stones at defenseless passengers. What else can this be but planned violence on a major scale?

On this occasion JLP supporters were the victims of aggression; the peace process would have been no less compromised if it had been PNP supporters. If we allow these instances to pass without recognizing that a signed

document alone is incapable of preventing the eruption of violence, we will all helplessly watch the comparative political calm of the past eight (8) years evaporate.

#### Ineffectiveness

The unfortunate sequence of events which occurred after the JLP conference tell us loudly and clearly that what has been agreed so far is not sufficient.

Where would we be today if that document had been signed in the week before the JLP conference, as was planned at one time? The ink would hardly have dried before the ineffectiveness of the peace process would have been demonstrated and the two (2) leaders, myself and Manley, would have appeared to the public to be participants in a game in which we are utterly helpless.

Worse yet, many would have condemned us as merely participating in a public relation exercise in which show is greater than substance.

As leader of the Jamaica Labour Party, I gave instructions to temporarily cease discussions between the parties so that we could look again at the peace process to determine what else must be done to ensure that genuine efforts are made to prevent political violence, and if it occurs, that an effective machinery exists to deal with incidents such as those which occurred after the JLP conference by determining who are the aggressors, where possible, and by taking such action as is necessary, backed by political will, to serve as a deterrent to those who may plan further acts of violence and provocation.

As leader of the Jamaica Labour Party, I do not intend to settle for anything less than an effective machinery which can deal at least with such acts of political aggression and provocation with meaningful effectiveness.

As leader of the Jamaica Labour Party, I will not participate in any signing of any document of proven ineffectiveness in as much as such an act would be nothing more than an attempt to "obeah" the country into believing that we have put in place an effective machinery to deal with political violence when, in fact, we have not.

I am a practical person, not a dreamer. I don't believe in magical solutions.

I have taken steps to arrange a meeting with Michael Manley to discuss some further thinking which has now emerged, which could significantly strengthen the effectiveness of the machinery to deal with violations. Mr Manley has also advised me of further thoughts he has on which my reaction is necessary.

#### Error of judgement

I take note of the fact that the private sector organization has condemned the JLP for making an "error in judgement" in breaking off the talks. This, curiously, is this same group that five (5) years ago condemned the JLP for an "error in judgement" in introducing the structural adjustment programme which they then considered would have destroyed the economy.

Today, the members of the same group are all willing and helpful participants in the team which is producing substantial growth through the policy of structural adjustment, much to their own and the national well-being. The PSOJ, should, therefore, consider their own past errors of judgement before they determine who may now be in error.

As to whether the accusation is true that I appear to believe that I am doing Jamaica a favor in signing the peace document in the present circumstances, I contend that I am doing by duty to Jamaica in not signing a document which unless strengthened by demonstrable political will and effective machinery will only raise false hopes which we can't fulfill among people who are understandably deeply concerned about the threat of further violence.

I look forward to both political parties making a genuine and concerted effort to correct as far as possible the deficiencies which still exist in the peace process, and I look forward further to signing the agreement at that time in the conviction that it will genuinely assist in reducing acts and threats of violence in the forthcoming election campaign.

07310

#### **Sugar Output Within 1,000 Tons of 221,000-Ton Target**

32980183b Kingston *THE DAILY GLEANER*  
in English 23 Jul 88 p 23

[Text] Sugar production by the island's nine sugar factories climbed to approximately 220,000 up to yesterday, as seven of these factories closed off the crop. This volume was just 1,000 tons short of the 221,000 target set by the industry at the start of the crop.

Up to yesterday, it was taking approximately 11.41 tons of cane to make a ton of sugar or one ton more than at this time last year, when it took 10.44 tons of cane to make a ton of sugar.

Well-informed sources in the sugar industry, said that the volume of canes delivered to the factories this year amounted to 2,507,275 tons or nearly 600,000 tons more than last year. The increased yield was attributed to rains which fell in the major producing areas at the start of the crop, but it was to this same factor that the lower sucrose content was attributed.



Meanwhile, weather conditions around the factories still grinding were yesterday described as good; and it is anticipated that these mills will continue to grind canes as long as raw material is being delivered to them in sufficient quantity. The sugar industry source predicted that these factories may carry on until the end of the month and even into early August in order to "grind every stick of sugar cane."

With the improved cane yield this year and increased prices being paid for sugar on the United Kingdom market, sugar industry interests both among the manufacturers and the cane farmers were yesterday predicting that this year's foreign exchange earnings from the crop should be even better than last year when the industry earned US\$74 million from its exports.

07310

**AD Electoral Alliances, Lusinchi-Perez Agreement**

33480195b Caracas EL NACIONAL in Spanish  
16 Jul 88 Sec D p 10

[Article by Leopoldo Linares]

[Text] The leadership of Democratic Action (AD), dubbed "El Cogollito" [the summit] in political jargon, has begun to discuss possible electoral alliances and the inclusion of some prominent names on the party lists for the deliberative bodies.

Reliable sources have informed EL NACIONAL that representatives of various small parties and groups of constituents have approached both national leaders of the AD and candidate Carlos Andres Perez himself, to offer their support and propose electoral alliances.

So far, say our informants, the AD has formally accepted the support only of the so-called Nationalist Party, which is led by former COPEI Senator Juan Jose Rachadell, and of a group of voters headed by Jorge Dager, President Luis Herrera Campins' ambassador to Argentina. The latter group was most certainly referred to Perez by Senator Wolfgang Larrazabal, who is reportedly interested in the return of "Turco" Dager to active politics.

Within the ranks of Democratic Action, the possibility of alliances with small groups—which Teodoro Petkoff once called "chiriperos" [opportunists]—is not regarded favorably. High-ranking party officials confessed to this reporter that there is not a lot of interest in accepting the alliances offered by various groups. In the first place, it is argued that these groups would contribute very little from the electoral point of view, and on the other hand would demand reciprocation in the composition of the party lists. In the second place, the way the current campaign is going, AD and its presidential candidate do not need such support. And finally, the aspirations of these groups would become a new complication in the process of drawing up the lists of candidates for the National Congress, precisely because of the aspirations of their principal leaders or mentors.

In the case of the Nationalist Party, we were informed that there is not yet a specific agreement under which Senator Rachadell would run for the upper house again, this time as an AD candidate. If Wolfgang Larrazabal decides to retire, Rachadell may head the list in the state of Yaracuy.

As for Jorge Dager's aspirations, we were told that in the beginning he would run for a deputy seat in the state of Yaracuy. Our informants recalled, however, that the list for this section is a little complicated, because there are few seats opening up and several party leaders want to occupy them. Specifically, we were told that national

Agrarian Secretary Gabriel Pena Navas, sectional General Secretary Alexis Olmos, and union leader Freddy Iriarte all want to run in that section. In fact, if Larrazabal decides not to run for reelection, Alexis Olmos could opt for the Senate.

The AD high command is interested in resolving a few matters related to the alliances, especially as regards the lists and the inclusion of independent persons. This concern is based on the fact that the pre-lists or proposals for the different sections must be turned in by the 28th of this month. Then, in the first week of August, the National Executive Committee (CEN) will begin consultations with each of the sectional executive committees, at which time the final composition of the lists will be discussed, name by name.

**Retirees**

The provision in the regulations that requires the automatic retirement of any parliamentarian or regional deputy who has served three or more terms is still in effect and will be enforced, reported sources in the white party leadership.

These same sources indicated that although people of the stature of Senator Gonzalo Barrios want this rule to be applied a little more flexibly, the majority of the CEN does not want to make exceptions, fearing that a loophole will be opened up to allow the return of all those subject to retirement, making the rule inoperative.

Among the people subject to retirement are: Arturo Hernandez Grisanti, Manuel Penalver, Luis Manuel Penalver, Leopoldo Sucre Figarella, Ruben Carpio Castillo, Paco Felice Bolivar, Juan Medina Luga, Gustavo Mirabal Bustillos, and Omar Higuera. Other party leaders, Virgilio Avila Vivas, Oscar Celli, Cristobal Hernandez, Manuel Mora Izarra, and Nelson Valera, are in similar circumstances, but they will have to be treated like special cases because they are not yet 50. That is the age of retirement set forth by the Institute of Social Benefits for Parliamentarians.

The fate of Minister Hernandez Grisanti is still being discussed in the upper echelons of the AD, although officials emphasize that he will not appear on the lists because he is subject to retirement. On the other hand, many feel that Hernandez Grisanti's presence in Congress is essential because he is an expert on petroleum matters, and because current Deputy Celestino Armas will certainly be a minister in Carlos Andres Perez' cabinet. During this legislative session, Celestino Armas has been AD's spokesman on energy matters.

A reliable source told this reporter that the final placement of Luis Pinerua Ordaz at the head of the list of senators for the state of Sucre was a first step toward making it possible for Hernandez Grisanti to head the Senate list for the state of Miranda. The other ministers

that will leave the government to run on the lists are Jose Angel Ciliberto and Pedro Cabello Poleo, who would run for the Senate from the states of Aragua and Monagas, respectively.

#### **Lusinchi-CAP Pact**

The so-called "Ni-Ni Group," which played such a prominent role in the recent internal campaign to avoid a new schism in Democratic Action, has resurfaced in the effort to overcome differences between President Jaime Lusinchi and candidate Carlos Andres Perez. In the last few hours, there has been word that the efforts of this group have borne fruit, and that certain disagreements between these important factors in party power have been practically resolved. One of these disagreements is the veto that would have prevented some individuals linked to the Lusinchi-Lepage faction from appearing on the lists.

In the last few days, numerous high-level contacts have taken place in AD to hammer out an agreement on the final composition of the lists, without further obstacles. Some of these contacts have been made public, such as the one last Tuesday at Miraflores Palace, and the more recent one at party headquarters in La Florida. In addition to President Jaime Lusinchi, leaders Gonzalo Barrios, Reinaldo Leandro Mora, and Alejandro Izaguirre have participated actively in the talks. The latter have even agreed to take the pacts to the sections, and for this purpose they began a series of talks with AD leaders in the interior of the country. Specifically, last Thursday morning, Izaguirre met with Americo Araujo and Jose Gregorio Montilla, AD general secretaries in Zulia and Apure, respectively.

08926

#### **Successive Polls Show Preference for Andres Perez**

33480195c Caracas EL UNIVERSAL in Spanish  
22 Jul 88 Sec 1 p 13

[Text] According to the results of a public opinion poll conducted by Pronosticos C. A. at the national level, Carlos Andres Perez was named by 50.3 percent of those who stated their voting intentions on the big ticket, while Eduardo Fernandez was named by 33.7 percent.

Next on the list of candidates for whom people intend to vote on the big ticket is Teodoro Petkoff, with 4.5 percent, followed by Edmundo Chirinos with 1.3 percent, and the remaining candidates with percentages ranging from 0.1 to 0.6.

As for voting plans on the small ticket, the results are as follows: Democratic Action (AD), 46 percent; Social Christian Party (COPEI), 30.6 percent; Movement Toward Socialism-Movement of the Revolutionary Left (MAS-MIR), 7.4 percent; People's Electoral Movement

(MEP)-Momo, 1.8 percent; Democratic Republican Union (URD), 2.6 percent; and National Integrity Movement (MIN), 0.3 percent.

When asked which candidate they think will win, 64.8 percent of the respondents named CAP, compared to 30.4 percent for Eduardo Fernandez and 6.4 percent for Teodoro Petkoff.

The poll, which was conducted in May, also asked voters what they think of the government's accomplishments. Thirty-two percent said fair, 31.6 percent good, and 12 percent very good.

The results of the latest survey by Aponte y Asociados (June 1988) reveal that Carlos Andres Perez enjoys a 7.2-percent lead over Eduardo Fernandez in voter intentions for the presidential election.

Of a sample of 1,832 people interviewed, 42.5 percent said they would vote for Perez on the big ticket, while Fernandez obtained 35.3 percent, Teodoro Petkoff 6.2 percent, and Ismenia Villalba 5.8 percent.

AD has a slightly smaller lead of 6.6 percent on the small ticket, with 36.1 percent compared to 29.6 percent. The MAS has 14.3 percent and the URD 5.4 percent.

A curious detail in this survey is the regional variation of voting intentions for the parliamentary election. The influence of local leaders appears to have a significant impact on the correlation of forces at the national level.

Thus, for example, in the state of Lara, where Deputy Orlando Fernandez heads the list of the MAS-MIR alliance, 50 percent of the voters say they will vote for those lists (47.7 percent MAS and 2.3 percent MIR), while 22.7 percent opt for AD and 20.3 percent COPEI.

08926

#### **Central Bank Reports \$696 Million Foreign Exchange Decline**

33480195a Caracas EL NACIONAL in Spanish  
19 Jul 88 Sec D p 6

[Article by Amado Fuguet V.]

[Text] The Central Bank of Venezuela (BCV) reported a net decrease of \$696 million in foreign reserves in the first quarter of the year. This figure is much higher than the declines recorded the first and fourth quarters of 1987, \$322 million and \$93 million, respectively.

This information is contained in the quarterly bulletin issued by the BCV yesterday. The bulletin notes that this accelerated decline in foreign reserves derives from the reduction of the flow of foreign exchange, which was not entirely offset by the cut in foreign currency outlays.

In absolute terms, the size of the drop represented an additional loss of international reserves for the BCV, which totaled \$8.68 billion as of the end of the quarter.

Foreign exchange income fell by \$616 million due to these factors: a smaller flow of foreign exchange from Venezuelan Petroleum, Inc. (PDVSA), which was down \$480 million, the pinch caused by increased indebtedness, and the decrease in revenues from non-traditional exports.

The adverse impact of these factors was partially offset, however, by the transfer of \$403 million in foreign reserves from the Venezuelan Investment Fund (FIV) to the BCV. Of this total, \$303 million corresponds to the agency contract signed by the two organizations.

In addition, the contraction in the demand flow came about as a result of the reduction in payments associated with the

amortization of the public foreign debt. During the quarter, a total of \$342 million was paid out for this purpose, compared to \$583 million in the previous quarter, when nearly all of the principal due in 1987 was paid.

Foreign exchange outlays for imports were \$707 million higher than the total for the same period in 1987, and were even at about the same level as the figure for the final quarter of that year, despite the fact that imports traditionally tend to be low during that season.

In the first quarter of 1988, a high proportion of disbursements were caused by the expiration of letters of credit that had been opened to document imports in recent months.

**Central Bank of Venezuela  
Foreign Exchange Movement (\*)  
(Millions of US\$)**

Category	1st Quarter 1988	4th Quarter 1987	Absolute Change
Net International Reserves:			
Opening	9,376	9,469	-93
Closing	8,680	9,376	-696
Supply Flow	3,046	3,662	-616
PDVSA	1,869	2,349	-480
FIV	463	70	393
BCV	113	100	13
Other Revenues	601	1,143	-542
Demand Flow	3,576	3,875	-299
Imports of Goods CIF (**)	1,848	1,814	34
Service of Public Foreign Debt	920	1,177	-257
Service of Private Foreign Debt	383	346	37
Other Outlays	425	538	-113
Adjustments	-166	120	-46

(\*) Provisional figures

(\*\*) Includes agreements

Source: BCV

### Internal Sector

In the internal sector, the BCV reports that fiscal revenues declined by 18.2 percent. This downturn is associated primarily with the decline in special revenues (57.3 percent), and in the category of regular revenues, with the disappearance of profits on exchange transactions. Oil income, however, rose by 4.455 billion bolivares. Fiscal outlays also fell, as is usually the case during this quarter of the year. As a result, at the close of the quarter, the central government showed a surplus of 3.332 billion bolivares in its financial accounting, placing the Treasury Reserves at 30.944 billion bolivares.

### Monetary Policy

In the first quarter of the year, the Central Bank kept the same policy guidelines that it had followed in the final months of 1987. Although the credit assistance channeled by the BCV to the banks rose to 42.548 billion bolivares, the net flow of this assistance declined by 215 million bolivares.

At the same time, according to the bulletin, the Central Bank continued its long-term financial institution support programs, particularly those aimed at mortgage banks. Moreover, the BCV's money board brought in a net total of 1.836 billion bolivares during the quarter, represented by surplus bank reserves accumulated late last year.



Monetary liquidity grew by 1.5 percent, partly due to seasonal factors. The deceleration of price rises increased this indicator in real terms, however, by 3.2 percent. The growth of liquidity was the result of the increase of the multiplier (3.2 percent), because the money supply

shrank by 1.6 percent. This was primarily due to the dampening effect of the exchange movement, which was offset by the expansive action of fiscal spending.

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